



Jennifer M. Granholm  
GOVERNOR

STATE OF MICHIGAN  
**PUBLIC SERVICE COMMISSION**  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
KEITH W. COOLEY  
DIRECTOR

Orjiakor N. Isiogu  
CHAIRMAN

Monica Martinez  
COMMISSIONER

Steven A. Transeth  
COMMISSIONER

March 3, 2008

Honorable Jennifer M. Granholm  
Governor of Michigan

Honorable Members of the Michigan Senate

Honorable Members of the Michigan House of Representatives

The enclosed *2007 Annual Report* is submitted on behalf of the Michigan Public Service Commission in accordance with Section 5a of 1989 PA 33; MCL 460.5a. The report is also available on the Commission's website.

Throughout 2007, the Commission maintained its commitment to address the needs of Michigan's low-income and senior citizens, awarding \$72,000,000 for low-income energy assistance and \$20,000,000 for low-income energy efficiency from the Low-Income and Energy Efficiency Fund. The awards provide immediate assistance for heating needs as well as longer term assistance in reducing future heating costs for low-income and senior citizens.

The Commission continued its consumer outreach efforts by hosting statewide consumer forums, making its Commission meetings available via podcast, handling 32,740 calls on its toll-free line, and assisting consumers and businesses with more than 9,244 electric and natural gas and 6,604 telecommunications complaints and inquiries.

The Commission issued 486 orders, consisting of 167 telecommunications, 165 electric, 69 natural gas, and 85 motor carrier orders.

Among the orders issued by the Commission during 2007 were approvals of the construction of eight new natural gas pipelines and issuance of a certificate of public convenience and necessity for the construction of an electric transmission line.

At the request of the City of Battle Creek and SEMCO Energy Gas Company, the Commission accepted regulatory oversight of the rates, terms, and conditions of natural gas service in the City of Battle Creek and neighboring areas.

The Commission also revised the retail natural gas rates of SEMCO Energy Gas Company and Consumers Energy Company and the retail electric rates of Wisconsin Public

Honorable Jennifer M. Granholm  
Honorable Members of the Michigan Senate  
Honorable Members of the Michigan House of Representatives  
March 3, 2008  
Page 2

Service Corporation, Alpena Power Company, and Wisconsin Electric Power Company, d/b/a We Energies.

The Commission revised a number of its administrative rulemakings, including a complete revision of its Consumer Standards and Billing Practices Governing Electric and Gas Residential Service.

The Commission granted regulatory approvals requested by Consumers Energy Company associated with the utility's sale of its Palisades Nuclear Power Plant. In so doing, the Commission ordered the utility to refund \$255 million to its electric ratepayers during 2007 and 2008. The Commission estimated that the transaction will result in up to \$700 million in additional energy savings over the next 15 years.

Finally, the Commission fulfilled the statutory obligation embodied in Section 10(3) of the Uniform Video Services Local Franchise Act, 2006 PA 480 (the Act), by proposing to the Legislature a process to be added to the Act that would allow the Commission to review (1) unresolved disputes between a provider and its customer, (2) disputes between a provider and a franchising entity, and (3) disputes between providers.

We continue to look forward to working with you on energy, utility, telecommunications, and motor carrier matters to enhance services to and ensure adequate protection for Michigan residents and businesses.

Very truly yours,

Orjiakor N. Isiogu, Chairman  
Michigan Public Service Commission

Monica Martinez, Commissioner  
Michigan Public Service Commission

Steven A. Transeth, Commissioner  
Michigan Public Service Commission